

**U.S. DEPARTMENT OF COMMERCE
MINORITY BUSINESS DEVELOPMENT AGENCY**

FY 2007-FY 2010

MBDA STRATEGIC PLAN

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EFFECTIVE OCTOBER 2006

MBDA STRATEGIC PLAN FY 2007– FY 2010

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Preface

For the past 38 years, MBDA has forged new ground in the growth and development of Minority Business Enterprises (MBEs). A major focus has been to provide the management and technical assistance to start and grow new businesses. Access to capital and market opportunities continues to be our primary objective. As of 2002, over 4 million minority firms are now in operation. MBDA contributes the leadership and advocacy to obtain new opportunities and resources for minority firms. Strategic partnerships have been developed at all levels and continue to expand.

MBEs must continue to grow in size to compete successfully in the corporate and public sectors. As the minority population continues to expand, MBEs must keep up to ensure jobs and create wealth within the minority community. A significant number of firms have moved well beyond the class of micro-enterprises, many with the help of the MBDA and other assistance programs. These companies, the larger MBEs with revenues over \$500,000, are now trying to compete and grow in an environment of re-engineered business practices, bundled contracts and global competition. Furthermore, MBEs see an intense push for efficiencies of scale at every level of the supply chain. To assist MBEs, MBDA has developed a new demonstration program that will encourage future Business to Business (B2B) Partnerships and Joint Ventures. Starting in New Orleans and planned for other areas of opportunity, MBDA will conduct B2B forums to allow MBEs to network and formalize partnerships to compete for larger contract awards starting with the Gulf Recovery.

These firms represent the main power of the MBE community, and are responsible for the overwhelming proportion of jobs. Many of these large MBEs are not only hungry for expansion, but are ready for growth to the next level. With the right kind of assistance and resources, they could become significant players in the domestic and global economy.

Our plan will outline the strategy to move MBEs forward. MBDA will not hesitate to make continuous improvements in the programs and services necessary to support our clients.



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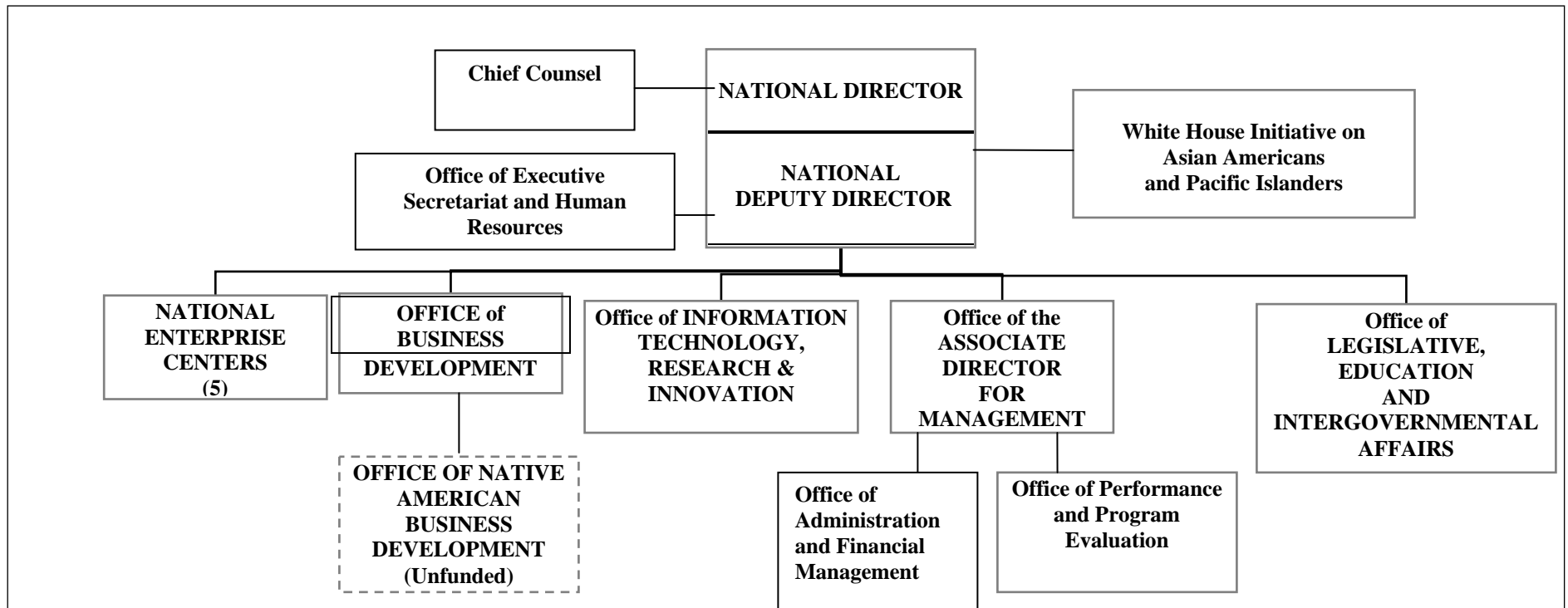
MBDA Vision

The Vision of MBDA is to achieve entrepreneurial parity for MBEs by enhancing the growth, expansion and capacity of the nation's minority-owned business enterprises to participate in the American economy.

MBDA Mission Statement

It is the Mission of MBDA to maintain an entrepreneurial organization, effectively and efficiently serving U. S. Minority Entrepreneurs.

MBDA Organizational Chart



Executive Summary

The United States continues to face unprecedented demographic changes. The immigration of ethnic minorities will make dramatic changes in the size and racial composition of the U.S. labor force during this decade.

According to the 2002 U.S. Census Bureau Survey of Business Owners (SBO), minority business growth increased 35% from 1997 to 2002. Likewise, total minority population is approaching 34% of the nation in 2006, while the percent of minority-owned firms is 18% of all businesses as of 2002.

The state of minority business would look radically different if entrepreneurial parity was achieved. *Entrepreneurial parity is defined as reaching proportionality between the minority population percentage and the percentage share of business development measures such as numbers of firms, gross receipts and employment.*

Given a parity scenario using 2002 data, the number of minority-owned businesses would then be 34% or approximately 7.1 million firms; annual business receipts parity would jump to \$7.82 Trillion; employment in minority-owned firms would jump from 4.8 million to 34.4 million. Certainly a different picture of the landscape would develop.

The long term goal of achieving entrepreneurial parity for minority business enterprises remains a benchmark by which MBDA's critical Federal government role should be measured. In order to promote U.S. economic growth, it has become necessary for MBDA to encourage support for medium to large scale minority firms that can have a significant impact on job creation, the tax base and wealth creation in their communities during the coming years. MBDA's Business to Business Partnership Forums will help create joint ventures to compete for larger opportunities.

The Strategic Growth Policy, introduced by MBDA in Fiscal Year 2004, was designed to address the issue of sustainable business growth and development for MBEs beyond the micro stage. The concept that all minority business are small must change. The focus on providing access to capital and market opportunities must continue to be the prime components of the Strategic Growth Policy. MBDA has targeted its strategic goals and performance measures to ensure the efficient and effective allocation of its resources.

This Strategic plan will identify the priorities and action objectives to meet these priorities for Fiscal Year 2007 to Fiscal 2010.

MBDA National Performance Goals

MBDA is guided by a National Performance Goal established in cooperation with the Department of Commerce (DOC) and the Office of Management and Budget (OMB):

MBDA will increase access to the marketplace and financings for minority-owned businesses.

For over the past three decades, MBDA has focused over 80 percent of its funded resources on developing and sustaining small MBEs. Now, during the past three years, MBDA has made the transition from an agency providing administrative and managerial services to represent an agency facilitating major contracts and financial transactions for medium to large scale minority businesses.

As of 2002, over 4 million minority firms are now in operation. MBDA provides the leadership and advocacy to obtain new opportunities and resources for minority firms. Strategic partnerships have been developed and maintained throughout the country, especially within the funded project locations. Firm size is a critical issue if MBEs are to compete successfully in the corporate and public sectors.

The minority population continues to grow and MBEs must keep up to ensure jobs and create wealth in minority communities. A significant number of firms have moved well beyond the class of micro-enterprises, many with the help of the MBDA and other assistance programs. These companies, the larger MBEs with revenues over \$500,000, are now trying to compete and grow in an environment of re-engineered business practices, bundled contracts, global competition and an intense push on efficiencies of scale at every level of the supply chain. These firms represent the main power of the MBE community, and they are responsible for the overwhelming proportion of jobs. Many of these large MBEs are hungry for expansion and, with the right kind of assistance, they can become significant players in the domestic and global economy.

This shift will prompt people to ask what will happen to the smaller firms who have traditionally been our focus. Fortunately, there are many referral sources who are devoted to assisting and promoting small MBEs. Many of these resources, due to their broad geographic reach and financial backing, are better positioned to assist these companies. But MBDA still has a role to play in this market segment, and this will be accomplished through the creative use of technology and Internet Portal tools.

MBDA National Performance Measures (FY 2006 – FY 2010)

Table 1

Measures	FY 2006 Target	FY 2007 Target	FY 2008 Target	FY 2009 *Target	FY 2010 *Target
Clients Assisted	20,000	retired	---	---	---
Dollar value of contracts awarded to minority-owned businesses	\$0.85B	\$0.85B	\$0.85B	\$0.9B	\$0.9B
Dollar value of financial packages awarded to minority-owned businesses	\$0.45B	\$0.45B	\$0.45B	\$0.5B	\$0.5B
Number of jobs created	1,800	2,000	2,000	2,000	2,000
Increase in annual gross receipts	5%	5%	5%	5%	5%
National and Regional Partnerships	200	200	200	200	200
Increase in American Customer satisfaction Index	—	+3%	—	+3%	—

*** Target adjusted in anticipation of a program budget increase in FY 2009.**

All measures are tracked, validated and verified before reporting to the Department and OMB.

Agency Annual Goals

Internally, MBDA continues to focus on four goals that are addressed within each unit's annual business plan of tactical activities to meet performance outcomes. Namely:

- 1. Improve Organizational Efficiency, Effectiveness and Responsiveness**
- 2. Improve Contracting/Procurement opportunities for minority-owned businesses to have access to the Marketplace.**
- 3. Improve Access to Capital Opportunities Awarded to MBEs**
- 4. Become a recognized Knowledge and Information Center for Minority Businesses in the public and private sectors**

MBDA Environmental Assessment

MBDA recognizes the following environmental factors that will impact operations during the balance of the decade:

- A diminishing Agency budget: **From \$63.9M in 1973 to \$30.0M in 2007**
- The 2002 Survey of Business Owners data shows a rapidly growing minority business population
- Increase in immigration within minority communities adding new clients requesting services and job creation
- On-going restoration of the Gulf Coast economy and preparation for future unexpected natural disasters
- The downsizing of the corporate supply chain and the bundling of government contracts
- The globalization of the competitive marketplace with the continued move towards out-sourcing
- The domestic impact of increased gas prices on minority business enterprises
- Implementation of a new cycle for the Minority Business and Native American Business Enterprise Centers and the Minority Business Opportunity Center programs

Future Challenges Facing the Agency

- Making critical program decisions and maintaining accountability
- Accomplishing National Performance and Productivity levels
- Verifying and Validating reported performance outcomes
- Increasing Access to Capital for MBEs
- Replacement of experienced staff due to retirement by successfully filling key vacancies with the best professional candidates
- Meeting agency Efficiency and Effectiveness measures
- Successfully advocating program services and marketing minority business enterprise
- Continuing to improve Portal tools and technology to better service clients
- Establishing new public-private partnerships
- Successfully conducting Business to Business (B2B) Partnership Forums

Financing and Capital Access

The likelihood of a new business surviving, growing and creating jobs is affected by the availability of obtaining capital. Minority firms have ongoing difficulties in accessing financing, hindering both firm start-ups and expansion. For example, minority firms received only 3-4% of Small Business Investment Company (SBIC) funds. SBICs are an important source of equity financing for high-growth businesses. Likewise, private equity firms targeting minority companies are estimated to have only 3% of all venture capital funds under management.

With respect to loans, many banks make smaller loans to start-ups within minority communities than in non-minority communities. When seeking equity capitalization, owner education, race, age and experience are critical. Analysis of loan applications reveals a higher denial rate for African American and Hispanic-owned businesses, even after accounting for differing firm characteristics and credibility.

In FY 2005, over 50% of MBDA assisted financing transactions went for surety bonding. MBDA needs to return to packaging more loans and credit lines as a means to servicing larger minority businesses. It was demonstrated during the Gulf Recovery that financial packages for loans, lines of credit and surety bonds are necessary for MBEs to successfully compete for larger contracts to support the acquisition of equipment, hire employees and develop a capital flow.

National Priorities and Strategies for Implementation

Agency Strategies for Meeting Priorities

New policies and upgraded programs will continue to be implemented to increase MBE participation in the marketplace. The focal point remains the success of the Strategic Growth Initiative (SGI) and the new Business to Business Partnership Forum. The National Enterprise Centers must work to encourage funded projects to identify and service firms with high growth potential. New opportunities identified from public and private partnerships will result in larger contract awards and access to financial capital for growth and expansion. Linkage of MBE firms to partner and compete for larger awards will be a critical priority.

The U.S. economy faces many challenges domestically and abroad. Our nation may not sustain ongoing economic growth unless it utilizes all of its internal talents and resources. America's entrepreneurs play a significant role in the prosperity of the U.S. economy. Entrepreneurs develop and commercialize innovative products and services; generate new industries and firms and, create employment opportunities and wealth. The U.S. Census Bureau projects that 90% of the growth in the United States population in the next 40 years will be in the African-American, Hispanic, Asian American-Pacific Islander and Native American communities. This population dynamic has profound implications for policies directed at U.S. economic expansion. To maximize the nation's growth (i.e., in consumption, savings, GDP and the overall tax base), these policies must incorporate businesses owned by minority entrepreneurs into the economic mainstream.

MBDA looks to increase capacity for the firms assisted and their ability to sustain growth and development within the minority community.

Strategy Steps and Activities to Achieve Results

Strategic Priorities 1-2	Responsible Units (time frame)	Anticipated Results (Metrics)
<p>Priority 1: Maintain Agency Performance Levels for Access to Capital and Contracts</p> <ol style="list-style-type: none"> 1. Identify area stakeholders, financial institutions, trade associations, educational institutions, federal agencies, local governments and maintain a matrix of key contacts. 2. Transfer prior project knowledge to new awardees. 3. Identify clients served in Performance and Phoenix systems. 	<p>NEC staff; Hdqs; New projects; Prior to Post award Conference</p>	<ul style="list-style-type: none"> - new partners - new clients - MOUs - teaming agreements - develop marketing plans
<p>Priority 2: Continue to Improve Customer Relations Management (CRM) Activities</p> <ol style="list-style-type: none"> 1. Develop an MBE/Client relationship model showing services available from MBDA 2. Follow-up surveys with assisted clients 3. Ensure Execution of needed services 	<p>NEC staff; Hdqs; Projects On-going quarterly</p>	<ul style="list-style-type: none"> - increase customer satisfaction - Communication Nexus with client and service provider

Strategic Priorities 3-4	Responsible Units (time frame)	Anticipated Results (Metrics)
Priority 3: Accomplish the MBDA efficiency and effectiveness measures <ol style="list-style-type: none"> 1. Weekly monitoring of performance by project 2. Develop local Plan for assistance 3. Intervention assistance by MBDA staff 4. Track Return on Agency Investment (ROAI) and project work-in-progress 	NEC; Hdqs Weekly review	- ROAI of \$43 + - 80% of projects meet a satisfactory rating or better
Priority 4: Maintain and Accelerate the SGI initiative and Supply Chain tiers using Business to Business Partnership Forums <ol style="list-style-type: none"> 1. Schedule B2B partnership Forums in select geographic areas 2. Identify forecasted opportunities with appropriate federal, State and local organizations 3. Identify specific industries by SIC and NAICS 4. Identify new SGI clients for participation 5. Identify supply chains 6. Plan for joint ventures 7. Identify Financial needs 	Hdqs; NEC; Projects; Agencies	Increase ability of firms to compete for larger Contract Opportunities

Strategic Priorities 5-6	Responsible Units (time frame)	Anticipated Results (Metrics)
Priority 5: Continue Assistance for Gulf Coast Recovery <ol style="list-style-type: none"> 1. Fund new MBOC and MBEC in Gulf Coast area 2. Assign staff position to market opportunities 3. Foster capacity building for MBEs 	Hdqs; NEC; New projects	Maintain MBE support and obtain new contract opportunities
Priority 6. Expand Portal Information Dissemination and Knowledge Management Initiatives <ol style="list-style-type: none"> 1. Identify information needed by customers 2. Prepare reports for distribution 3. Offer training on Business tools 4. Identify best practices 	MBDA operational units	-Identify and maintain Statistical Data and information relevant to minority business. -Update Portal for opportunities; resources; conferences; matchmaking events; B2B partnerships forums

On-Going Activities planned for Implementation (FY 2007-FY 2010)

1. Complete funding, rollout and implementation of new MBEC/NABEC programs (FY 2007)
2. Successfully PART MBDA and its programs (FY 2007)
3. Finalize SBO data sheets and profiles for distribution (FY 2007)
4. Improve the National and Med Week Conferences (FY 2007)
5. Establish and implement an Orientation program for new employees (FY 2007)
7. Complete a review of District Offices. Determine impact and the benefits to MBDA (FY 2007)
8. Maintain on-going training programs for Staff and Projects (FY 2007- FY 2010)
9. Expand Youth Entrepreneur programs; Increase Youth Entrepreneurship participation for EBLs and MBDA programs and conferences (FY 2007- FY 2008)
10. Integrate staff activities to provide oversight, Business Development support and better communication with funded projects (FY 2007-FY 2010)

11. Develop revised policy orders and program handbooks to maintain standard operations.
12. Improve customer relations management at HQs and NECs (FY 2007-FY 2010)
13. Increase contract matchmaking events in support of B2B Forums and meet NEC assigned goals (FY 2007-FY 2010)
14. Evaluate MBOC Program for funding after CY 2007

MBDA Efficiency Measure:

Return on Agency Investment (ROAI):

	FY 2006 Target	FY 2007 Target	FY 2008 Target	FY 2009 Target	FY 2010 Target
MBDA Appropriation (est.)	\$30 M	\$30 M	\$31 M	\$32 M	\$32 M
Agency ROAI	\$43	\$43	\$44	\$45	\$45

The ROAI is based on total dollars obtained for clients in transactions (Contracts and Financials) divided by the total MBDA appropriation for that Fiscal Year. The FY 2007 – FY 2008 Transaction Dollar Goal will hold at \$1.3 billion. However, MBDA will make appropriation increase request for FY 2009-2010. NEC ROIs will likewise be established based on annual regional appropriation.

MBDA Effectiveness Measure:

This measures the effectiveness of MBDA programs to meet or exceed their annual goals:

	FY 2005 Actual	FY 2006 Target	FY 2007 Target	FY 2008 Target	FY 2009 Target	FY 2010 Target
Number of funded projects:	43	43	42	42	45	45
Satisfactory or Better rating	86%	80%	80%	80%	80%	80%

MBDA Long-Term Performance Measure:

It is MBDA's objective to maintain a minimal level for new jobs created during the next ten years (2007-2016). The FY 2007 goal will show an increase of 2,000 jobs.

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011-2016</u>	<u>Minimum Totals</u>
New Jobs Created:	2,000	2,000	2,000	2,000	12,000	20,000

Capacity Building for Sustained Development:

MBDA will continue to focus on services for mid-to-large size minority (SGI) firms that have a capability to expand, increase gross receipts and create new jobs. It is expected that annual receipts for client firms assisted will grow by \$50,000 each year (5%). Larger firms will increase capacity by obtaining new contracting opportunities and financial awards with a continued growth in sales. MBDA has initiated a series of Business to Business forums to encourage MBEs to partner with other firms; form Joint Ventures; and sign Mentor Protégé Agreements. This will encourage self-sufficient organizations with sustained development within the minority community.

This corresponds to the MBDA Vision that looks to the future to achieve entrepreneurial parity for the nation's minority-owned businesses. See Appendix D.

	<u>FY 2007</u>	<u>FY 2008 - FY 2016</u>
Average increase in firm gross receipts:	\$50,000	\$50,000
Number of firms affected:	3,000	27,000
Total annual increase for these firms:	\$150.0 Million	\$1.35 Billion

Appendix

A. Geographic Concentration of MBEs as identified by the U.S. Census Bureau in 2002

Approximately 75% of Minority-owned firms are concentrated in a 10 states - a pattern consistent with demographic trends. Twenty three percent were located in California. Texas was ranked second with 12 percent and New York and Florida ranked third and fourth with 11 and 10 percent respectively. The minority population is geographically concentrated similar to the minority firm's concentration.

Current Census data indicates that four states California, New Mexico, Texas, and Hawaii now have the largest minority populations, exceeding over 50%. The minority population in Maryland, Mississippi, New York, and Arizona exceeded 40%.

African American-Owned Firms

Four states accounted for 36 percent of the firms owned by African Americans. Georgia has now replaced Texas.

New York (129,339)

California (113,003)

Florida (102,074)

Georgia (90,480)

American Indian- and Alaska Native-Owned Firms

Four states accounted for 42 percent of the firms owned by American Indians and Alaska Natives. Four out of 10 American Indians and Alaska Natives reside in these states. New York has replaced Florida.

California (40,541)

Oklahoma (17,112)

Texas (16,863)

New York (12,307)

Asian-Owned Firms

Four states accounted for 59 percent of the firms owned by Asians. Six out of 10 Asians reside in these states. New Jersey has replaced Hawaii.

California (372,221)

New York (145,626)

Texas (78,018)

New Jersey (51,974)

Hispanic-Owned Firms

Four states accounted for 75 percent of the firms owned by Hispanics. Seven out of 10 Hispanics reside in these four states.

California (427,805)

Texas (319,460)

Florida (266,828)

New York (163,659)

Native Hawaiian & Other Pacific Islander-Owned Firms

Four states accounted for 70 percent of the firms owned by Native Hawaiians & Other Pacific Islanders. Seven out of 10 Native Hawaiians & Other Pacific Islanders reside in these four states.

Hawaii (8,470)

California (7,308)

New York (4,868)

Florida (1,798)

B. Emerging Minority Businesses

The chart below reflects the growth in minority firms from 1997 to 2002. Minority firms grew by 35% to 4.1 million firms. This represents 18% of total U.S. firms identified. Total gross receipts for minority firms grew 17% to \$694 Billion in 2002. However, MBE receipts represent only 3% of total U.S. gross receipts, the same as 1997 figures. Employees in minority firms now total 4.8 million or 4%.

Table 2 - Ethnic Distribution of Minority Firms (Census SBO data for 2002)

Ethnic Group	1997 Total Firms	2002 Total Firms	Percent Increase In Firms	Total Gross Receipts 1997	Total Gross Receipts 2002	Percent Increase In Gross Receipts
Hispanic	1,200,000	1,574,000	31%	\$186.3 Billion	\$226.5 Billion	22%
African American	824,000	1,198,000	45%	\$71.2 Billion	\$92.7 Billion	30%
Asian	894,000	1,105,000	24%	\$304.0 Billion	\$343.3 Billion	13%
American Indian & Alaska Native	197,000	206,000	4%	\$32.3 Billion	\$26.4 Billion	-23%
Hawaiian / Pacific Islander	19,000	32,000	67%	\$3.9 Billion	\$5.2 Billion	27%
Minority Totals	3,039,000	4,116,000	35%	\$591.3 Billion*	\$694.1 Billion	17%
Total U.S. Firms	20,822,000	22,977,000	10%	\$18.6 trillion	\$22.6 Trillion	22%

- The number of African American firms increased by 45% and generated \$93 Billion in gross receipts.
- Likewise, Native Hawaiian and Other Pacific Islander firms increased by 67% with \$5.0 Billion in receipts.
- Hispanic-owned firms grew by 31% with \$226 Billion in gross receipts.
- Asian Firms grew by 24% with \$343 Billion in gross receipts.
- American Indian & Alaskan Native Firms increased 4% with \$26 Billion in gross receipts.
- Average gross receipts for all minority firms decreased 13% from 1997 to 2002.

C. Industry Concentration and Characteristics

Minority businesses are primarily concentrated in services, retail and construction industries.

- American Indians and Alaska Natives and Hispanics have a high concentration in Construction 16.0% and 13.5% respectively.
- African American firms have a high concentration (20.5%) in the Healthcare and Social Assistance.
- Asian firms have a high concentration (13.9%) in Professional, Scientific and Technical Services and followed closely by Retail Trade (13.7%).
- Native Hawaiian and Other Pacific Islanders have a high concentration (14.3%) Healthcare and Social Assistance

Percent Distribution of Firms by Industry Sector - Table 3

Industry	All U.S. Firms	All Minority Groups	African American	American Indian and Alaska Native	Asian	Hispanic	Native Hawaiian and Other Pacific Islander
Agriculture, Forestry, Fishing, and Hunting	1.1%	0.6%	0.3%	2.2%	0.6%	0.6%	1.7%
Mining	0.4%	0.1%	0.0%	0.5%	0.0%	0.1%	S
Utilities	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	S
Construction	12.1%	8.8%	6.3%	16.0%	3.5%	13.5%	10.0%
Manufacturing	2.6%	1.7%	0.8%	2.9%	2.1%	2.0%	1.1%
Wholesale Trade	3.1%	2.4%	1.0%	2.1%	4.2%	2.2%	1.3%
Retail Trade	11.2%	10.4%	8.5%	10.1%	13.7%	9.6%	12.0%
Transportation and Warehousing	4.2%	7.0%	8.3%	5.0%	4.7%	8.0%	6.8%
Information	1.3%	1.1%	1.2%	1.3%	1.1%	0.9%	1.1%

Percent Distribution (Continued)

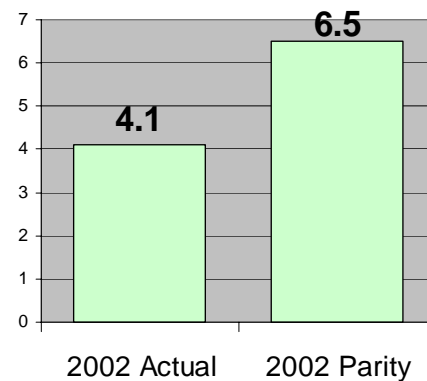
Industry	All U.S. Firms	All Minority Groups	African American	American Indian and Alaska Native	Asian	Hispanic	Native Hawaiian and Other Pacific Islander
Finance and Insurance	3.9%	2.4%	2.4%	2.4%	2.7%	2.1%	1.8%
Real Estate and Rental and Leasing	9.3%	5.0%	4.4%	4.6%	6.8%	4.4%	6.1%
Professional, Scientific, and Technical Services	14.2%	10.5%	9.7%	10.9%	13.9%	8.8%	10.1%
Management of Companies and Enterprises	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Administrative Support, Waste Management, and Remediation Services	6.8%	9.8%	10.1%	8.0%	4.8%	13.2%	11.3%
Educational Services	1.8%	1.6%	2.1%	1.8%	1.4%	1.2%	1.4%
Health Care and Social Assistance	8.8%	14.1%	20.5%	12.2%	11.1%	11.5%	14.3%
Arts, Entertainment, and Recreation	4.2%	3.3%	4.5%	4.5%	2.4%	2.8%	5.3%
Accommodation and Food Services	2.9%	4.4%	2.1%	1.7%	9.4%	3.0%	1.8%
Other Services	11.6%	16.5%	17.6%	13.3%	17.0%	15.8%	13.0%
Unclassified	0.4%	0.3%	0.2%	0.3%	0.5%	0.3%	S

Source: U.S. Census Bureau, *2002 Survey of Business Owners*

D. Entrepreneurial Parity

Entrepreneurial parity is defined as an equitable economic contribution by minority business as compared to overall population representation. For example, in 2002 the overall estimated minority population was 29 percent of the overall U.S. population. Conversely, economic contributions by minority owned firms at parity would be equal to 29 percent of each category, firms, gross receipts and employees. See comparisons below:

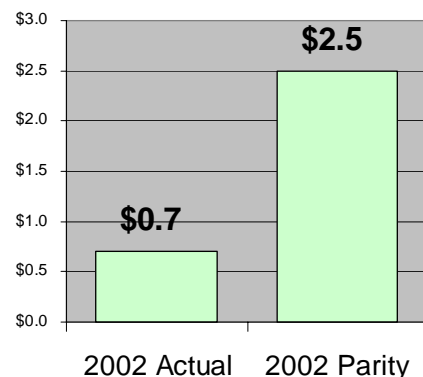
Chart 1 Number of Minority Firms (in millions)



If the number of minority firms reflected the 2002 minority population share, there would have been over 2.4 million more firms, totaling 6.5 million firms.

Source: U.S. Census Bureau, 2002 Survey of Business Owners. Population estimates for 2002 are derived from U.S. Census Bureau, Population Division

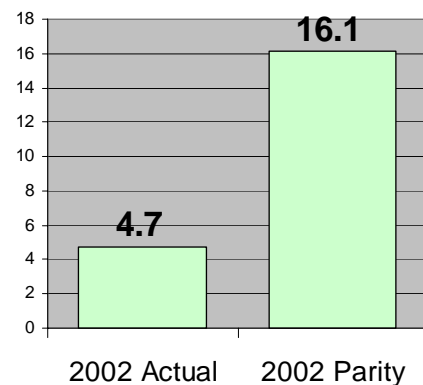
Chart 2 Gross Receipts for Minority Firms (in \$ trillions)



Gross receipts for minority firms would have been more than three times the actual number, or almost \$2.5 trillion, if parity had been achieved in 2002.

[Source: U.S. Census Bureau, 2002 Survey of Business Owners](#)

Chart 3 Employment for Minority Firms (in millions)



Under a parity scenario, paid employment in minority-owned firms would have totaled more than 16.1 million which is more than 3 times greater than the actual number of employees.

[Source: U.S. Census Bureau, 2002 Survey of Business Owners.](#)

E. Business Participation Rates

A business participation rate (BPR) is defined as the number of business owners in a specific race/ethnic group for every 1,000 persons in that same group. For example, in 2002 a U.S. population BPR of 80 indicated that there were 80 business owners for every 1,000 persons. The BPR is a measure for comparing entrepreneurial status across groups because it adjusts for population size and provides a common base of measurement.

MBDA's initial analysis of the data computed the BPR for each race/ethnic group for the fifty states and the District of Columbia. Future research will drill down to smaller geographic areas. The 2002 National BPR for the non-minority population is 98. This could be the benchmark against which ethnic groups at the national and sub-national areas are measured.

Business Participation Rates (Measured in Population Numbers) - Table 4								
National Average	All U.S.	Non minority	Minority	African American	American Indian & Alaska Native	Asian	Hispanic	Native Hawaiian and Other Pacific Islander
2002	80	98	43	31	48	84	41	34
1997	78	91	42	24	85	*	41	*

*Source: Minority Business Development Agency, the State of Minority Business, 2001; U.S. Census Bureau, 2002 Survey of Business Owners. *Information not available, as it was formerly presented in combined form as Asian and Pacific Islanders.*

- Each minority group BPR at the national level falls below the non-minority BPR.
- Asians (84) have a national BPR that approaches the level of non-minorities (98).
- African Americans have the lowest national BPR (31), followed by Native Hawaiian and Other Pacific Islanders (34).
- There is considerable variation in a BPR at the state level. A Non-minority state BPR will range from 64 to 190, while minorities, as a group, range from 22 to 70.